

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**APRIL 13, 2006**

The Members of the Department of Financial Institutions met at 10:00 a.m., EDT, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were Judith G. Ripley, Director; J. Philip Goddard, Deputy Director, Chief Legal Counsel and Secretary; James M. Cooper, Deputy Director, Depository Division and Acting Secretary; Chuck T. Stumpf, Deputy Director, Administration Division; Kirk Schreiber, Senior Bank Analyst; Gina R. Williams, Supervisor, Administration Division; John Schroeder, Deputy Director, Non-Depository Division and Associate Counsel; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division and Ronda Bailey, Administrative Assistant.

**I. EXECUTIVE SESSION:**

- A. Phil Goddard updated the Members of litigation related to a potential licensure action which is confidential pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(7).

**II. PUBLIC SESSION:**

- B. Members Present: Joseph G. Pierce, Vice Chairman; Richard J. Rice, Michael W. Davis, Paul Sweeney and Travis Holdman were present. Chairman David A. Bochnowski was absent.
- C. Date of next meeting: May 11, 2006 @ 10:00 a.m. at the office of The Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana. The Members discussed the possibility of changing the time of the Members meeting to 9:00 a.m. EDT or leaving the time at 10:00 a.m. EDT. The Members unanimously agreed to leave the starting time of the Members meetings at 10:00 a.m. EDT.
- D. Approval of the minutes of the meeting held March 9, 2006. Vice Chairman Joseph Pierce entertained a motion to approve the minutes for March 9, 2006 meeting. Mr. Sweeney moved approval of the minutes; Mr. Davis seconded the motion, and the motion passed unanimously.
- E. No action was taken pursuant to the executive session, as the information was advisory only.

**F. DIRECTOR'S COMMENTS AND REQUESTS :**

**1. Discussion of the Ameriquest Settlement:**

Director Ripley informed the Members that the Department had an opportunity to participate in the national settlement that Ameriquest had with the States' Attorneys General. The Department and the Attorney General of Indiana filed a request to be included in the settlement. As a result of the settlement, certain Indiana persons will receive a refund. Also, the Department and the Attorney General received attorney fees from the settlement. The

Department requested the Members consider donating the money to the National Mortgage Licensing System ("NMLS"). Mr. Holdman made a motion to contribute the Department's portion of the Amerquest funds to the NMLS based on the nexus between the source of the funds and the projected benefits of the licensing system. The NMLS is expected to serve as a regulatory tool that will achieve efficiencies, enhance information sharing among states, and assist in the cooperative regulation of multi-state lenders. Mr. Sweeney seconded the motion. The motion was unanimously approved.

2. Deputy Director Chuck Stumpf informed the Members that due to the need for additional analysis of staffing, retention and retirement issues, and their significant collective effect on the pro forma budget, the staff was unable to present to the Members for approval the fee schedule for the fiscal years 2008-2009. Mr. Stumpf reviewed each new item with the Members. The fee schedule will be presented to the Member's for approval on May 11, 2006.

3. **CIB Bank, Indianapolis, Marion County, Indiana**

The bank notified the Department that they closed the branch banking office that was known as the "Rockville Road Branch" located at 8906 W. Rockville Road, Indianapolis, Marion County, Indiana. The branch closed on March 25, 2006. **This item was for informational purposes only.**

4. **Farmers State Bank, LaGrange, LaGrange County, Indiana**

The bank notified the Department that they closed the branch banking office that was known as the "Angola Public Square Branch" located at 21 Public Square, Angola, Steuben County, Indiana. The branch closed on March 31, 2006. **This item was for informational purposes only.**

**G. ACTIONS BY DELEGATED AUTHORITY:**

1. **Tower Bank & Trust Company, Fort Wayne, Allen County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at **3333 North Wayne Street, Angola, Steuben County, Indiana**. The application was received on January 23, 2006. The branch is to be known as **Angola Branch**. The proposed branch is a 1,500 square foot existing office space. The bank is leasing the space from an independent third party with an annual rental of \$30,000. The terms of the lease call for monthly rental of \$2,500 for five years plus an option to renew for two extensions of five years. Furniture, fixtures, and equipment costs are projected at \$50,000. No relationship exists between parties involved in this transaction. The bank's three-year average ROA is 0.65%. As of December 31, 2005, the bank's ROA is 9.76% and its Tier 1 leverage capital ratio is 9.24%. The investment in total fixed assets to total capital will be 7.16% after the establishment of this branch. The institution will have 6 branches with the opening of this branch. **This was approved by the Director on March 16, 2006, under delegated authority.**

2. **Dupont State Bank, Dupont, Jefferson County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at **216 North State Street, North Vernon, Jennings County, Indiana**. The application was received on January 24, 2006. The branch is to be known as **Dupont State Bank**. The proposed site is a 3,500 square foot, two story, newly constructed Operations Center. The Operations Center will house management, operations, and loan operations and production.

The applicant purchased approximately 2.5 city lots in the summer of 2005. The estimated cost for constructing the branch is 1,550,000. Furniture, fixtures, and equipment costs are projected at \$200,000. No relationship exists between the parties involved in this transaction. As of December 31, 2005, the bank's ROA was 0.96% and its Tier 1 leverage capital ratio was 10.23%. The investment in total fixed assets to total capital will be 46.55% after the establishment of this branch. This will be the institution's second branch. **This was approved by the Director on March 16, 2006, under delegated authority.**

3. **Terre Haute Savings Bank, Terre Haute, Vigo County, Indiana**

The bank has applied to the Department for approval to establish a branch office to be located at **260 East National Avenue, Brazil, Clay County, Indiana**. The application was received on January 20, 2005. The branch is to be known as **Terre Haute Savings Bank**. The proposed branch is a 2,500 square foot, one story, newly constructed branch banking facility. The applicant will purchase the land from an independent third party for \$840,000. The estimated cost for constructing the branch is \$750,000. Furniture, fixtures, and equipment costs are projected at \$280,000. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.32%. As of December 31, 2005, the bank's ROA was 0.34% and its Tier 1 leverage capital ratio was 11.87%. The investment in total fixed assets to total capital will be 27.12% after the establishment of this branch. This will be the institution's third branch. **This was approved by the Director on March 16, 2006, under delegated authority.**

4. **Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana**

The bank informed the Department it has relocated its **Avon Branch** from **10080 East U.S. 36, Suite C, Avon, Hendricks County, Indiana** to **10445 East U.S. 36, Avon, Hendricks County, Indiana**. The branch was relocated on October 11, 2005. Since the branch was relocated to a location only four-tenths of a mile from the former location, the bank believed they did not need to file an application. This misunderstanding was discovered and corrected during a recent discussion with the bank's General Counsel. Based on a review of the bank, the Department does not object after-the-fact to the branch relocation. **This was approved by the Director on March 16, 2006, under delegated authority.**

5. **Star Financial Bank, Fort Wayne, Allen County, Indiana**

Star Financial Bank has applied to the Department for permission to amend and restate its Articles of Incorporation pursuant to IC 28-13-14-14. The amendments are not substantive but include the actual date of incorporation of March 28, 1907 and the official name change

to STAR Financial Bank. The bank wants to restate the Articles of Incorporation in order to incorporate all previous amendments into one coherent, organized document. The effective date of the amendments and restatement will be the date the Amended and Restated Articles of Incorporation are filed with the Secretary of State. **This was approved by the Director on March 16, 2006, under delegated authority.**

6. **Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana**

The bank has applied to the Department for approval to relocate a branch office from **1717 East College Parkway, Carson City, Lyon County, Nevada** to **1818 East College Parkway, Carson City, Lyon County, Nevada**. The application was received on March 16, 2006. The branch will be known as **Irwin Union Bank and Trust Company**. The proposed branch is being relocated to a 27,132 square foot office space in which 5,258 square feet will be utilized for the branch. The remaining 21,874 square feet has been subleased to Irwin Home Equity. The applicant is leasing the space from an independent third party for five years initially at \$101,731.20 annually, or \$8,477.60 monthly. After the initial term of the lease, the lease can be renewed for two consecutive five year extensions. It is estimated construction costs in progress will amount to \$152M and leasehold improvement costs will amount to \$71M. Furniture, fixtures, and equipment are projected at \$172M. No relationship exists between the parties involved in this transaction. The bank will vacate the current branch upon expiration of the current lease. The expected date to relocate is May 1, 2006. The bank's three-year average ROA is 0.95%. As of December 31, 2005, the bank's Tier 1 leverage capital ratio is 10.40%. The investment in total fixed assets to total capital will be 3.98% after the establishment of this branch relocation. The bank will continue to have 23 branches after the relocation. **This was approved by the Director on March 23, 2006, under delegated authority.**

7. **Kenney Bank and Trust, Kenney, DeWitt County, Illinois**

An application for issuance of a certificate of admission was received from Kenney Bank and Trust, Kenney, DeWitt County, Illinois ("Kenney Bank"). Kenney Bank filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-1-22. The bank intends to originate mortgage loans in Indiana. Kenney Bank is an Illinois state chartered savings bank. Thomas V. Anderson, 890 East Sidewalk Road, Suite 202, Chesterton, Porter County, Indiana has been appointed as resident agent for service of legal process by Kenney Bank. **The Director approved the Certificate of Admission on March 23, 2006, under delegated authority.**

8. **Freedom Bank, Huntingburg, Dubois County, Indiana**

Freedom Bank is requesting to increase the amount of stock to buy back in its stock repurchase program. The stock repurchase program was initially approved by the Director under Delegated Authority on November 5, 2003. The bank is requesting to increase the amount authorized by the Department from \$500,000 or approximately 25,000 shares to \$855,000 or approximately 42,750 shares of its outstanding common stock pursuant to IC 28-13-3-3. The bank has continued to purchase small blocks of stock from willing shareholders as they become available. To date, the bank has purchased 17,750 shares at a

price of \$20.00 per share. Total purchases have amounted to \$355,000. The bank is

requesting a one-year extension to continue the stock repurchase program. As of December 31, 2005, the bank's Tier 1 leverage capital ratio was 8.40%. On a pro forma basis as of December 31, 2005, if the additional \$500,000 were used, the Tier 1 leverage capital ratio would be approximately 8.13%. The bank's ROA as of December 31, 2005 was 1.03%. Approval is recommended to allow the bank to continue to purchase up to \$855,000 small blocks of stock as they become available until March 31, 2007, under the repurchase program. Should the bank not complete the stock repurchase program within this time frame, another request to the Director for additional time will be required. **This was approved by the Director on March 23, 2006, under delegated authority, subject to the above condition.**

9. **Indianapolis Police Department Credit Union, Indianapolis, Marion County, Indiana**

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Sworn Officers of the Marion County Sheriff's Department – Indianapolis – 412 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on March 23, 2006, under delegated authority.**

10. **Forum Credit Union, Indianapolis, Marion County, Indiana**

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

The Church of Jesus Christ – Gary – 50 members (common bond of church membership as defined by 28-7-1-10).

Alloy Architectural Products – Indianapolis – 9 members (common bond of occupation as defined by 28-7-1-10).

Great Escape Theatre – Noblesville – 30 members (common bond of occupation as defined by 28-7-1-10).

Claude C. Newsom, DDS – Indianapolis – 5 members (common bond of occupation as defined by 28-7-1-10).

Heritage Remodeling – Fountaintown – 12 members (common bond of occupation as defined by 28-7-1-10).

Indiana District A/G – Indianapolis – 25 members (common bond of occupation as defined by 28-7-1-10).

BMA Management, LTD – Bourbonnais, IL – 109 members (common bond of occupation as defined by 28-7-1-10).

Heritage Woods, LLC – Bourbonnais, IL – 55 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on March 24, 2006, under**

**delegated authority.**

**11. Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union has filed a request for approval of an amendment to its Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Bev's Boutique – Edwardsburg, MI – 2 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on March 27, 2006, under delegated authority.**

- 12. AmericaHomeKey, Inc.** requested a consumer loan license. Applicant is based in Dallas, Texas. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 13 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**

- 13. Amerifund Financial, Inc. d/b/a All Fund Mortgage** requested a consumer loan license. Applicant is based in Tacoma, Washington. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 42 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**

- 14. Chapel Funding, LLC** requested a consumer loan license. Applicant is based in Lake Forest, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 12 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and members of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**

- 15. Direct Lending, Inc.** requested a consumer loan license. Applicant is based in Livonia, Michigan. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 14 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-

3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**

16. **First Commonwealth Mortgage Corp.** requested a consumer loan license. Applicant is based in Louisville, Kentucky. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 8 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**
17. **Flick Mortgage Investors, Inc.** requested a consumer loan license. Applicant is based in Miami, Florida. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 8 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**
18. **Ion Capital Inc.** requested a consumer loan license. Applicant is based in Dublin, Ohio. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 4 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**
19. **Virgil, Inc. d/b/a The Lending Factory** requested a consumer loan license. Applicant is based in Bay City, Michigan. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 1 state. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated.**
20. **Metrocities Mortgage, LLC d/b/a Metro Home Mortgage** requested a consumer loan license. Applicant is based in Sherman Oaks, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 47 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and members of the applicant are such as

to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**

21. **Plaza Home Mortgage, Inc.** requested a consumer loan license. Applicant is based in San Diego, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 26 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**
22. **Reunion Mortgage, Inc.** requested a consumer loan license. Applicant is based in Milpitas, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. They currently operate in 21 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). **This was approved by the Director on March 17, 2006, under delegated authority.**
23. **Casey's Check Cashing of Indiana d/b/a Casey's Check Advance** requested a check casher license. Applicant is based in Henderson, Kentucky. They will be cashing all types of checks. References were all satisfactory. Fee will be 1% to 5%. They currently operate in one state. Applicant is also licensed as a pawnbroker under license # 199 and as a small loan lender under license # 1457. The staff's investigation finds that the financial responsibility, business experience, character, and general fitness of the applicant and of the members are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 28-8-5-12(a). **This was approved by the Director on March 17, 2006, under delegated authority.**
24. **Global Money Transfer, LLC** requested a money transmitter license. Applicant is based in Alexandria, Virginia. Money will be transmitted by wire transfers to Somalia. A bond in the amount of \$300,000 was provided. Their audited financials were satisfactory. They currently operate in 3 states. Global Money Transfer, LLC has met all of financial requirements under the Act. The staff's investigation finds that the financial responsibility, business experience, character, and general fitness of the applicant and of the officers and directors of the applicant are such that the money transmission business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community and the applicant has fulfilled the requirements imposed by the Money Transmitter Act under IC 28-8-4-35. **This was approved by the Director on March 17, 2006, under delegated authority.**



25. **Auto Pawn Inc.com** requested a pawnbroker license. Applicant is based in Indianapolis, Indiana. References were all satisfactory. Gary Flanagan, President, was interviewed on March 2, 2006 by Division Supervisor Tarpey and Field Supervisors Rick A. Bane and Robert W. Benbow. The applicant intends to operate a pawn business on East Washington Street in Indianapolis that deals exclusively in titled vehicles. The applicant is fully aware that he must take possession of the vehicles and has made arrangements to store the pawns on premise at a local auto auction, Auto Dealers Exchange, where the vehicles will be under surveillance and should be secure. This secured location is approximately three miles from the pawnshop. The applicant was reminded that when one takes an item in pawn that the pawnbroker is responsible for maintaining the item in the same condition as when it was received. Mr. Flanagan is also aware that he cannot make "title loans" on these vehicles under any circumstances. Title loans are secured solely by the title to the auto. Mr. Flanagan will be taking the customer's unneeded auto as the pawned item. He will also have the free and clear title and a power of attorney from the customer in the event the customer does not redeem the pawned auto. During the interview, Department representatives explained many of the provisions of the Pawnbroking Law, including records retention requirements, maximum charges, disclosure, age limitations, license renewal requirements, when the pawnbroker becomes owner of pawned property, and pawn ticket entries. Mr. Flanagan will be using standard Burrell pawn forms and will be using software provided by JMT Company, Statesville, NC. There does not appear to be any reason to disapprove the applicant's license request. The staff's review finds the financial standing, competence, business experience, and character of the applicant and of the officers of the applicant are such that the business will be operated honestly, fairly, and efficiently and that the convenience and needs of the public exist for the operation of a pawnbroking business in the community wherein such applicant proposes to operate as stipulated in IC 28-7-5-8. **This was approved by the Director on March 17, 2006, under delegated authority.**
26. **Old Republic Insured Automotive Services, Inc. (ORIAS)** requested approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Tulsa, Oklahoma. Sandman Brothers Inc., License ID # 2330 is the initial creditor, and all other listed dealers who had been previously listed under the former affiliated program under Old Republic Dealers Service Corp. (ORDSC) which was approved by DFI in October of 2001. Maximum charge to customer is \$420. Customer deductible is covered up to \$1,000. There is a 60 day free look period. Refund upon prepayment in full is computed by "Rule 78ths". Customer will finance at least 80% of MSRP for a new vehicle and NADA average retail value for a used auto. They currently operate in 45 states. There is a contractual liability policy issued by Old Republic Insurance. All future creditors/dealers will agree to abide by the same terms as those approved. The staff's review finds that the charge would be of benefit to the consumer and is reasonable in relation to the benefits as provided for under IC 24-4.5-2-202(1)(c)/3-202(1)(e). Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. **This was approved by the Director on March 17, 2006, under delegated authority, subject to the above conditions.**

**CERTIFICATION:**

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

**Other Business.** Vice Chairman Pierce asked if there was other business. There being no further business, Vice Chairman Pierce adjourned the meeting.

**APPROVED:**

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**ATTEST:**

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**Joseph G. Pierce, Vice Chairman**

**J. Philip Goddard, Secretary**